

REPUBLIC OF KENYA



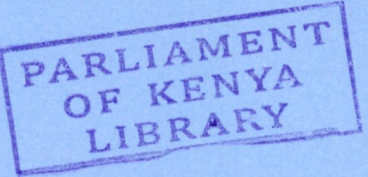
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**MATHIRA WATER AND SANITATION  
COMPANY LIMITED**

**FOR THE YEAR ENDED**

**30 JUNE, 2025**

PAPERS LAID	
DATE	26/11/25
TABLED BY	S.M.W
COMMITTEE	-
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**Mathira water and Sanitation Company Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)

**Mathira Water and sanitation Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**1. Acronyms and Glossary of Terms**

*Provide Acronyms and a glossary of terms that appear in this annual report and financial statements.*

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>
<i>Wstf</i>	<i>Water Sector Trust Fund</i>
<i>WSB</i>	<i>Water Services Board</i>
<i>MAWASCO</i>	<i>Mathira Water and Sanitation Company Limited</i>

## **2. Key Entity Information**

### **Background information**

Mathira Water and Sanitation Company Ltd was established by the Company Act cap 486 of laws of Kenya established in July 2005. At County level, the Company is represented by the County Executive Member responsible for water and sanitation, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya and is wholly owned by the County Government of Nyeri. Mathira Water and Sanitation Co Ltd got a license to officially operate as a water service provider in October 2005 and began operating in December 2005 in compliance with the provisions of Water Act 2002.

### **Principal Activities**

The principal activity of the Company is to provide water and sanitation services to both rural and urban schemes of Mathira East and Mathira West Sub-Counties with population of 148,847 people. The target supply area covers an area of 260 km<sup>2</sup> which comprises of Konyu, Kirimukuyu, Karatina, Magutu, Iria-ini and Ruguru wards. Some parts of Kirinyaga County - Ndia division are also within company's area of coverage.

At its formation in the year 2005, the company took up most of the assets that belonged to National Water Conservation and Pipeline Corporation, Ministry of Water and Irrigation and Karatina Municipal Council who used to manage the supply of water and sewer services in the region.

### **Vision**

To be a model Water and Sanitation Services Company in Kenya.

### **Mission**

Ensure provision of quality, affordable, reliable, portable and sustainable water and sanitation services to all residents of Mathira and its environs.

### **Core Values**

- i. Integrity
- ii. Quality
- iii. Professionalism
- iv. Customer friendly
- v. Team work
- vi. Total efficiency
- vii. Creativity and innovation
- viii. Reliability

### **Strategic Objectives**

- i. Develop and operationalise a sustainable operation and maintenance programme for the assets under the management of the company.
- ii. Expand sewerage services to cover un sewerred areas.
- iii. Improve and extend the infrastructure under Mathira Water and Sanitation Company Ltd.
- iv. Achieve operational financial sustainability by reducing the recurrent expenditure by 10%.

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**Directors**

The Directors who served the Company during the year were as follows:

	<b>Name</b>	<b>Position</b>	<b>Date of Appointment</b>	<b>Date Left</b>
1	Mr. Reuel Kibugi Muriuki	Chairman	6 <sup>th</sup> July 2018	
2	Mr. David Gathogo Kamau	Managing Director	1 <sup>st</sup> July 2018	
3	Mr. Peter Wanderi Muchoki	Member	19 <sup>th</sup> July 2022	
4	Mr. Richard Githui Ruhiu	Member	25 <sup>th</sup> June 2019	
5	Mr. John Kariuki Muthuma	Member	29 <sup>th</sup> January 2016	5 <sup>th</sup> July 2024
6	Mrs. Margaret Muthoni Kinyua	Member	29 <sup>th</sup> January 2016	5 <sup>th</sup> July 2024
7	Mrs. Margaret Wachera Kiama	Member	19 <sup>th</sup> July 2022	
8	Mr. Sammy Kariuki Muturi	Member	25 <sup>th</sup> June 2019	
9	Mr Bernard Kiama Kariuki	Member	12 <sup>th</sup> April 2023	
10	George Washington Kariuki	Member	31 <sup>st</sup> October 2023	
11	Mrs. Veronica Wangari Kibuchi	Member	30 <sup>th</sup> August 2024	
12	Mr. Patrick Maina Munyua	Member	30 <sup>th</sup> August 2024	

**Company Secretary**

Gikuhi Kiana & Co  
Certified Public Secretary,  
P.O Box 1271 -10100  
NYERI

**Registered Office**

Ragati Water Offices  
P. O. Box 1981 – 10101  
KARATINA

**Company Headquarters**

Ragati Water Offices  
P. O. Box 1981 – 10101  
KARATINA

**Company Contacts**

Tel: 020-2659069  
Email: info@mawasco.co.ke  
Website: www.mawasco.ke

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**Company Bankers**

Co-operative Bank of Kenya  
Karatina Branch  
P. O. Box 931 - 10101  
KARATINA

Family Bank of Kenya  
Karatina Branch  
P. O. Box 458 - 10101  
Karatina

Equity Bank of Kenya  
Karatina Branch  
P. O. Box 2813 - 10101  
Karatina

**Independent Auditors**

Auditor General,  
Office of the Auditor General,  
Anniversary Towers,  
P.O Box 30084,  
Nairobi


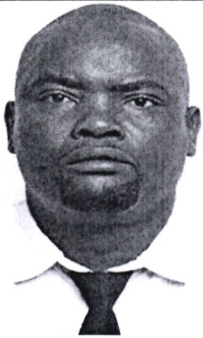



**Principal Legal Advisers**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O Box 40112  
City Square 00200  
Nairobi, Kenya







Wahome Gikonyo and Company Advocate  
P.O Box 2088-10100,  
Tel 0612030822  
Nyeri, Kenya

**Mathira Water and sanitation Company Ltd**  
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**3. The Board of Directors**

<p>1.</p> 	<p><b>Mr. Reuel Kibugi Muriuki</b>          Representing Resident /Community Organizations          Holds B. A (Lands Economics)          Year of Birth: 19<sup>th</sup> June 1977          Independent director  <b>Chairman – Board of Directors</b></p>
<p>2.</p> 	<p><b>Mr. Bernard Kiama Kariuki</b>          Representing County Government of Nyeri          Holds B.E (Biology and Chemistry)          Year of Birth: 5<sup>th</sup> November 1982  <b>Member – Technical Committee</b></p>
<p>3.</p> 	<p><b>Mr. Richard Githui Ruhiu</b>          Representing Farmers and Cooperative Societies          Holds Master of Business Administration (Strategic Management)          Year of Birth: 15<sup>th</sup> August 1976          Independent Director  <b>Chairperson – Technical Committee</b></p>
<p>4.</p> 	<p><b>Mr. George Washington Kariuki Mwangi</b>          Representing County Government of Nyeri          Holds Bed Arts and social science          Year of Birth 5<sup>th</sup> October 1965          Executive Director  <b>Member – Staff, Finance and Administration Committee</b></p>
<p>5.</p> 	<p><b>Mr. Peter Wanderi Muchoki</b>          Representing Business Community          Holds Bachelor of Commerce          Year of Birth: 11<sup>th</sup>Nov 1983          Independent Director  <b>Chairperson – Audit Risk and Governance Committee</b></p>

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<p>6.</p> 	<p><b>Mrs. Margaret Wachera Kiama</b>          Representing Commercial Consumers          Holds Bachelor of Education          Year of Birth: 12<sup>th</sup> Jan 1984          Independent Director  <b>Member – Audit Risk and Governance Committee</b></p>
<p>7.</p> 	<p><b>Mr. Sammy Kariuki Muturi</b>          Representing Professional Bodies. LSK          Holds Bachelor of Laws (LLB)          Year of Birth: 18<sup>th</sup> February 1977          Independent Director  <b>Chairperson - Staff, Finance and Administration Committee</b></p>
<p>8.</p> 	<p><b>Mr. Patrick Maina Munyua</b>          Representing Special Interest groups          Msc-Entrepreneurship-          Year of Birth: 11<sup>th</sup> May 1964          Independent Director  <b>Member – Audit Risk and Governance Committee</b></p>
<p>9.</p> 	<p><b>Mrs. Veronica Wangari Kibuchi</b>          Representing Gender Organizations.          Holds Bachelor of Education          Year of birth: 7<sup>th</sup> July 1962          Independent Director  <b>Member – Staff, Finance and Administration Committee</b></p>
<p>10.</p> 	<p><b>Mr. Gikuhi Kiana</b>          Holds Master of Business Administration (Strategic Management)          Certified Secretary Member No.285          Year of Birth: 25<sup>th</sup> December 1952  <b>Company Secretary</b></p>
<p>11.</p> 	<p><b>Mr. David Gathogo Kamau</b>          Holds B.A (Econ), MBA, CPA (K)          Year of Birth: 26<sup>th</sup> July 1977  <b>Managing Director</b></p>

**Mathira Water and sanitation Company Ltd**  
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**4 Key Management Team**

<p>1.</p> 	<p><b>Mr. David Gathogo Kamau</b></p> <p>Holds B.A (Econ), MBA, CPA (K)</p> <p><b>Managing Director</b></p>
<p>2.</p> 	<p><b>Mr. Gikuhi Kiana</b></p> <p>Holds Master of Business Administration (Strategic Management)</p> <p>Certified Secretary Member No.285</p> <p>Year of Birth: 25<sup>th</sup> December 1952</p> <p>ICS no</p> <p><b>Company Secretary</b></p>
<p>3.</p> 	<p><b>Mr. James Kinyoko Githige</b></p> <p>Holds Bsc – Water Engineering</p> <p><b>Technical Manager</b></p>
<p>4.</p> 	<p><b>Mr. Martin Muhindi Murebu</b></p> <p>Holds B.A (Finance), CPA (K)</p> <p><b>Commercial Manager</b></p>
<p>4</p> 	<p><b>Mrs. Priscilla Muthoni Gikonyo</b></p> <p>Holds Master of Business Administration</p> <p><b>Human Resources &amp; Administration Manager</b></p>

## **5 Chairman's Statement**

During the reporting financial year, the company registered significant improvement on key performance indicators namely; Non-Revenue Water (NRW) management, water quality, water supply & sanitation coverage, hours of supply, customer service and above all in ensuring good corporate governance as we execute our core mandate. Consequently, MAWASCO was rated as the most financially reliable institution among ninety-five(95) regulated water companies in the country. This is in terms of credit worthiness on which the company rating improved from BBB to A during this financial year as per WASREB assessment.

However, efforts towards achieving desired levels of service delivery have continued to be undermined by some challenges brought about by several key factors among them high NRW levels especially in the rural scheme due to old dilapidated supply network, interference by community water projects and other irregularities. Other challenges include inadequate water treatment capacity, overstretched sewerage infrastructure and lack of finances for investment towards improvement on water and sewerage service provision partly due to application of non cost recovery water tariffs. Hombe dam and Muthira intake have failed to yield sufficient water as supposed to ensure consistent water supply in targeted areas mainly within Mathira West sub-county. The two sources are occasionally shut whenever water levels are too low due to poor recharge from the catchment area.

To mitigate on some of these challenges, the company has continued making use of available resources in form of finances and human capital in renewing infrastructure and reorganization of operations by giving more emphasis on staff productivity, efficient water supply through proper rationing program and enhanced NRW management. Some small but key projects geared toward NRW management have also been undertaken though availability of finances is the main limiting factor to attainment of the desired results. External financial support is therefore key on areas requiring significant capital investment to ensure realization of ideal service provision. However, with recently implemented revised water tariffs, MAWASCO is now better placed to undertake identified projects to improve the infrastructure as provided for in the tariffs. Also, having fully repaid the loan with Family Bank that was acquired to finance Karatina Urban Rehabilitation Project in 2019, can now consider undertaking similar and equally impactful project also under commercial financing arrangements.

I wish to acknowledge County Government of Nyeri(CGN) and Tana Water Works Development Agency(TWWDA) particularly for being very instrumental in enhancing services provision during this period. The two(2) institutions have supported and funded some key projects to boost water production and distribution network within our area of coverage. The now complete Kururu Water Project funded by TWWDA has greatly enhanced water production at Ihwagi Water Treatment Plant more so during dry periods of the year. Increased water production has also allowed extension of supply network to cover Jambo areas. Similarly, Kirimukuyu Water Rehabilitation Project led to improved water coverage and supply in most parts of Kirimukuyu including Tumutumu, Ngandu, Ruthagati and Rititi areas. These areas were previously not adequately served due to mentioned challenges with Hombe dam and Muthira intake sources. Another 13kms of pipeline was done to extend water supply from Kiamabara to Mugetho shopping centre and surrounding areas of Konyu. The two(2) projects were funded by CGN through the Department of Water, Irrigation, Environment and Climate Change.

On the other hand, the company has continued making use of internally generated funds to extend water and sewerage coverage as well as rehabilitation of network in identified areas. During the last one year, some additional over 28kms of pipeline were done using own resources with over 600 new water connections realized. Special focus is also being directed in establishing and managing District Metered Areas(DMAs) with high NRW levels to reduce water losses hence improve water supply.

MAWASCO has also continued to put emphasis on improving efficiency in service delivery and enhancing productivity of resources especially human capital through embracing appropriate ICT solutions in various areas of operations. The company will continue to improve the recently implemented Enterprise Resource Planning(ERP) system. The system has eliminated manual processes thus operation costs have reduced significantly in addition to enhanced accountability and promotion of a more productive work force. The already in place Geographical Information System (GIS) is also being upgraded gradually specifically to aid on NRW

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management and improvement on billing efficiency. All field officers now report incidents requiring attention and further action through an application accessible from their mobile phones. This include reporting on pipe burst/leakages, sewer blockages, illegal connections, vandalism among other issues. This has seen improvement on turnaround time in attending to such matters and accountability of required materials for necessary repairs. The application is also being used by the relevant officers in tracking/locating the already mapped company infrastructures including customer meters/connections. This application is also accessible to the public. Members of the public can therefore report encountered incidents through the application also easily installable and accessible from a smart phone.

MAWASCO has also continued to enhance our customer service in form of already established customer service center, aiding with trained personnel and accessibility of services through established channels on 24/7 basis. Operations are automated with a customer management system that is also integrated with billing system. Public barazas and clinics are also held in identified areas mainly to sensitize existing and potential customers on their role and that of the company especially on installation of new service lines and individual connections. The company also make use of other modes of communication in disseminating important messages and getting feedback from customers. Further, report from the just concluded Customer Satisfaction Survey undertaken in collaboration with Karatina University will inform on areas requiring our attention for improvement. This exercise is normally undertaken after every two(2) years as required by the regulator.

**Way forward**

The company will continue to be guided by the principles of good corporate governance as provided for under WASREB's standards and guidelines. We are equally committed in meeting set targets and conditions as outlined in the operating license issued by the regulator and expectations from the shareholders.

We remain optimistic that the developed proposals on enhancing water treatment capacity, rehabilitation of dilapidated system in the rural scheme, extension of sewerage services in identified areas as well as construction of an alternative sewerage treatment facility downstream Kirigu river will get funding from relevant agencies thus spur company growth in terms of water and sanitation coverage and quality thereof.

We reiterate on expected support from all stakeholders and community at large through timely reporting of illegal connections, vandalism, bursts and leakages within area of coverage. By so doing, targets on NRW reductions will be realized thus place the company in a better position to serve a larger population of our community with this increasingly scarce commodity.



**CPS Sammy Muturi**  
**CHAIRMAN, BOARD OF DIRECTORS**

**Mathira Water and sanitation Company Ltd**  
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**6 Report of the Managing Director**

The company has continued recording steady growth and improvement on key performance indicators (KPIs) over time. The number of active connections and revenue collections have been on upward trend while NRW levels are declining. In the reporting period, the company produced 2,062,219 cubic meters of water as compared to previous year production of 2,065,847 cubic meters. Revenue collected also increased significantly from Kshs. 147,265,567 million recorded in the previous year to Kshs. 167,151,278 million. However, the collection efficiency slightly declined from 99% to 93%. Application of the revised gazetted water tariffs from the month of December 2024 led to improved revenue. But challenges with implementation of the revised charges resulted in higher default rate on payment of bills by some consumers hence decline in collection efficiency.

NRW levels are also on downward trend though the company is still facing challenges in the rural scheme mainly due to interference of the supply network by community water projects. At the end of the year, NRW levels in the Urban scheme were at 26% while the levels in the Rural scheme averaged at 47% and overall, at 34%. The on-going road construction activities in our service area also derailed NRW management due to occasional massive water losses from damaged pipelines.

**Water Coverage**

Some of the major activities undertaken towards improvement of water coverage in during the year through internally generated funds, support from County Government of Nyeri (CGN) and Tana Water Works Development Agency (TWWDA) include;

- i. Construction of an intake at Kururu river and laying of 9kms 200/250mm raw water mains to boost water production at Ihwagi treatment plant
- ii. Improvement of water Supply to Kirimukuyu Project
- iii. Extension of water to in Konyu ward especially Mugetho and surrounding areas by over 13kms of pipeline.
- iv. Extension of Urban Water Supply to cover Jambo area.
- v. Laying of over 28kms of pipeline across areas of company's supply coverage mainly in the Rural Scheme.

**Non Revenue Water Management**

The following are some of strategies and programs that are being employed in efforts towards NRW reduction;

- i. Establishment of a dedicated NRW management unit
- ii. Change of use of UPVC to HDPE pipes
- iii. Creation of District Metering Areas (DMAs)
- iv. Adoption of caretaker approach in managing established DMAs
- v. Rehabilitation of old dilapidated network
- vi. Surcharging and penalizing of illegal connections
- vii. Mapping of the pipelines and connections
- viii. Upgrading of the billing system and integration with GIS system to minimize on commercial losses
- ix. Employment of recently established Water Police Unit

**Waste Water Management**

- i) **Sewerage Extensions.** In the recent past, sewer network has been extended in Muthua, Karindundu, Ragati and Saigon areas. Planned extension of the system to cover Karatina Secondary and surrounding areas has been delayed due to ongoing upgrade of the highway to dual carriage status.
- ii) **Kirigu Pumping Station.** Pollution of Kirigu River due to overflow of raw sewer experienced some years back has been addressed through routine desludging of pond and maintenance of pumps and procurement of new additional pumps.
- iii) **Kiaigi Sewerage Plant.** Routine application of bio enzymes at Kiaigi sewerage ponds has eliminated mosquito and bad smell in the area. Desludging of 1<sup>st</sup> and 2<sup>nd</sup> ponds done a year ago have seen improvement on quality of effluent discharged back to river Ragati.

## Mathira Water and sanitation Company Ltd

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#### Customer Services

- i) **Customer Complaints Management.** The company has a well-established customer care office with trained personnel. In addition, customer complaints management system has been integrated with billing and GIS systems.
- ii) **Public Barazas.** In order to reach out to customers and the community at large, the company has been organizing public barazas/clinics to enlighten customers on specific areas such as revival of new supply lines, application of new connections, community policing to curb illegal connections and destruction of the supply network.
- iii) **Revenue Collection.** There is zero cash handling of revenue collected. Customers can pay their bills either through, Mpesa, Family Bank, Cooperative Bank or Equity Bank. The Billing system is web-based. It is also integrated with GIS, complaint management and ERP systems.

#### Current Challenges

- i. **Low Water Supply Coverage:** The company currently serves only about 64% of the target population. This is a result of high non revenue water levels and inadequate water supply.
- ii. **High Non Revenue Water:** The company inherited old dilapidated supply network with a lot of interconnections leading to high physical losses. In addition, there has been rampant water theft by consumers especially in the rural scheme through illegal connections and meter by-passes.
- iii. **Dormant Water Connections.** The company inherited many dormant connections with accumulated arrears majority of which were being billed on flat rate basis.
- iv. **Inadequate water treatment capacity.** Ihwagi treatment plant is overstretched while water supplied from Ragati & Hombe dams and Muthira Intake is only chlorinated.
- v. **Sewerage system** is overstretched to serve the growing urban population. The demand for sewer line extension is also high.
- vi. **Interference of water supply** by community water projects.
- vii. **Interference/destruction of pipe lines** by road contractors
- viii. **Vandalism of infrastructure:** These include manhole covers, control valves and most recently consumer meters & fittings
- ix. **Inadequate finances:** Lack of finances to undertake necessary rehabilitation and extension of water supply and sewerage system networks .

#### Future Plans

##### a) Short term plans

- i. Continuous expansion and rehabilitation of water supply network to uncovered areas based on available resources.
- ii. Desilting of Ragati Intake/Dam and Muthira Intake Weirs to enhance on water production capacity
- iii. Rehabilitation of treated water mains from Ihwagi Treatment plant to Gathugu tanks/Karatina town.
- iv. Extension of sewer network to cover Karatina Secondary and parts of Jambo areas.
- v. Verification of all dormant connections to have updated customer data including establishing actual number of registered connections.
- vi. Continuous automation of operations and capacity building of human capital especially in NRW management and O&M

##### b) Medium and long term plans

Proposals have been developed and submitted to various government agencies for consideration for funding as follows;

- i. Rehabilitation and expansion of Ihwagi Treatment Plant to increase the treatment capacity.
- ii. Expansion of Ragati Dam and construction of New Water Treatment plants at Ragati and Njathaini.
- iii. Construction of a water treatment plant at Njatheini to cover Hombe Dam & Muthira Intake sources
- iv. Construction of an alternative sewer treatment plant downstream Kirigu River
- v. Extension of sewer network to uncovered areas in Mathaithi, Karindundu, Muthua, Ragati, Saigon, Jambo, Kiamwangi and Gathugu areas.

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**Wayforward**

MAWASCO will continue embracing technology in all areas of company's operations in order to improve on efficiency and ensure optimal utilization of available resources including human capital. Management will also continue reaching out and engaging all our stakeholders especially the community area of coverage mainly in conserving the environment and more so company's main sources of water and infrastructure through planting of trees and in embracing community policing. We also look forward to more collaboration with other institutions and development partners in various areas of interests.

In conclusion, with the continued efforts and investment on NRW management and expansion of supply network through internally generated funds, commercial financing and support from the County Government of Nyeri, we indeed project a great future.



**CPA David Gathogo**  
**MANAGING DIRECTOR**

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**7 Statement of Performance against Predetermined Objectives for FY 2024/2025**

Mathira Water and Sanitation Co Ltd has 9 strategic pillars and objectives within the current Strategic Plan for the FY 2021- FY 2026. These strategic pillars are as follows:

- i. Water Supply Coverage
- ii. Non-Revenue Water (NRW)
- iii. Sanitation
- iv. Human Resource Capacity
- v. Finance
- vi. Customer Service and Public Relations
- vii. Utilization of Information Communication Technology (ICT)
- viii. Corporate Governance
- ix. Mainstreaming of Emerging Issues and Cross Cutting Issues

Mathira Water and Sanitation Co Ltd develops its annual work plans based on the above 9 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Mathira Water and Sanitation Co Ltd achieved its performance targets set for the FY 2024/2025 period for its 9 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
<b>1.</b> Water Supply Coverage	increase to 50% of the target population	Increase in number of active connections	Extension water supply net work  Rehabilitation of water storage tanks and dilapidated supply network	Increased water supply coverage  Rehabilitated 13.9 Km of water network  Extended water supply network by 13.5 Km
<b>2.</b> Non-Revenue Water (NRW)	Reduce NRW levels to 35%	Reduction in NRW levels	Having 100% metering ratio  Creation of district metered areas (DMAs)  Continuous training of NRW team	Reduced NRW level to 36% from 34.4%  Created 9 No District Metering Areas
<b>3.</b> Sanitation	Increase sanitation coverage for Karatina Urban and it's environ by 2%	Increase in sewerage connections	Extension of sewer network  Sensitization of all potential customers in area	Increased sewer connections from 3,681 to 3816

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			covered by sewer network	
<b>4. Human Resource Capacity</b>	Improve on human resource capacity	Improved skills and motivated staffs	Continuous training of staff  Engagement of staff on benchmarking tours  Introduction of staff performance contract	Facilitated various staff on professional training  Facilitated training for Non-Revenue Water Management
<b>5. Finance</b>	To achieve financial viability and risk management	Increase in revenue  Improved collection efficiency	Continuous monitoring of meters of key consumers  Prompt disconnection and re-connections  Accurate and effective meter reading	Increased in revenue from Ksh 146 Million to 184 Million
<b>6. Customer service and public relations</b>	To promote quality customer service and enhance public relations	Improved customer service  Improved customer dispute management	Conduct customer satisfaction survey  Enhance company website  Holding customer Barraza's	Conducted customer satisfaction survey  Continuous review of the company website  Held 11 Barraza's and 1 Customer Clinic
<b>7. Utilization of information communication technology (ICT)</b>	To integrate management information system	Effective and timely billing and dispatch of bills  Effective revenue collection  Accurate and timely reports  Effective and efficient operations	Procurement of a complete enterprise resource planning (ERP) system  Continuous upgrading of GIS system  Continuous training of staff on ICT emerging issues	Continuous improvement of company's ERP system in operation  Continuous upgrading of company GIS system and rolling out to customers for piloting

## Mathira Water and sanitation Company Ltd

### Annual Report and Financial Statements for the year ended June 30, 2025

8. Corporate Governance	To promote good corporate governance and effective management	Accountability and transparent usage of resources	Training of both board members and corporate management team	Conducted corporate governance training for board of directors. The board of directors bench marking tour at Kwale Water and Sewerage Company
9. Mainstreaming of emerging and cross cutting issues	To develop and operationalize policies in addressing cross cutting issues in compliance with the relevant acts	Full compliance to all relevant laws	Developing policies mainstreaming of policies in relation to the relevant laws	The company conducted training to staff on drug, substance abuse and HIV/AIDS and installation of condom dispenser as a measure of curbing spread of sexually transmitted disease, Road safety mainstreaming

In developing the staff performance contracts, the above strategic pillars are cascaded down to staff by embedding them with achievable, specific, measurable, realistic and timely targets

## 8 Corporate Governance Statement

Mathira Water and Sanitation Co Ltd is committed to be operating under a clear governance framework and strongly adheres to sound management and control practices. The company is also committed in ensuring compliance with the provisions of Water Act 2016 and adherence to Company's operating license conditions issued by Water Services Regulatory Board (WASREB) and other guiding company governance requirements.

### a) Operations of the Board

In ensuring that Company governance is enhanced and that the power of Mathira Water and Sanitation Co Ltd is exercised in the stewardship of the company total portfolio of assets and resources with the objective of maintaining stakeholder value, the Boards of Directors have constituted the following committees:

#### i) Staff & Finance and Administration Committee

The Staff, Finance & Administration Committee is the overseer of the financial reporting process and sourcing of funds for Company's capital works.

Mathira Water and Sanitation Co Ltd makes cognizance of the fact that Human resources is one single asset in achieving the goals of the Company. It's the duty of the Finance and Administration Committee to ensure that Mathira Water and Sanitation Co Ltd has the right staff, at the right place and doing the right thing. More so, the Committee will ensure that staff welfare is guaranteed.

#### ii) Technical Committee

The Committee is the overseer of the technical reporting process.

It shall ensure that there is adequate asset development, maintenance and infrastructure improvement to ensure sustainability of all water infrastructures.

#### iii) Audit, Risk and Governance Committee

In order to promote good Company governance, Mathira Water and Sanitation Co Ltd has constituted an Audit Committee for purposes of

- Safeguarding of the assets.
- Scope and effectiveness of the internal controls.
- Review of the Annual financial statements.
- Compliance with all applicable regulatory requirements and accounting standards.

**Mathira Water and sanitation Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**b) Board Meetings**

The following is a list of Board Meetings that were held during the year

PERIOD	DATE	MEETING	MEETING ATTENDANCE
<b>1<sup>ST</sup> QUARTER</b>	04.07.2024	Full Board	10Members
	05.07.2024	12 <sup>th</sup> AGM	10Members
	24.07.2024	Joint BOD Training – Naivasha	7Members
	30.08.2024	Inaugural Board meeting	7Members
	12.09.2024	Induction & Orientation	2Members
	13.09.2024	Full Board	9Members
	16.09.2024	Technical Committee	3Members
	18.09.2024	Staff & Finance Committee	3Members
	19.09.2024	Audit Committee	3Members
	27.09.2024	Full Board	7Members
<b>2<sup>ND</sup> QUARTER</b>	24-25.10.2024	Audit, Risk & Governance Training on	3Members
	11.11.2024	Technical Committee	3Members
	13.11.2024	Staff & Finance Committee	3Members
	14.11.2024	Audit Committee	2Members
	22.11.2024	Full Board Meeting	8Members
<b>3<sup>RD</sup> QUARTER</b>	10.01.2025	Special Full Board	6Members
	10.02.2025	Technical Committee Meeting	3Members
	12.02.2025	Staff & Finance Committee	3Members
	17.02.2025	Audit Committee	3Members
	20.02.2025	Full Board Meeting	8Members
<b>4<sup>TH</sup> QUARTER</b>	12.05.2025	Technical Committee Meeting	3Members
	15.05.2025	Audit Committee	3Members
	8-9.05. 2025	Staff & Finance Committee - Interviews.	3Members
	19.05.2025	Staff & Finance Committee	3Members
	22.05.2025	Full Board Meeting	8Members
	30.05.2025	Special Staff & Finance	3Members
	05.06.2025	BOD Evaluation & Benchmarking- MBSA	10Members
	30.06.2025	Special Full BOD Meeting	8Members

**c) Succession Plan**

The Board of Directors comprises of seven (7) independent directors that are appointed from the stakeholders' groups as stipulated in the Company's Memorandum of Articles and Association. Two (2) other directors are nominated by County Government of Nyeri. The independent directors serve for a three (3) years term and a third of the directors must retire annually. Retiring directors that have served for one term are eligible for re-election of another term of similar duration.

**d) Process of appointment and removal of directors**

The independent directors are appointed by the shareholders during the company's annual general meeting (AGM). The prospective candidates must first be nominated by a stakeholder group that should have a representative in the board as per company's memorandum and articles of association. There must also be a vacancy under such category. Such vacancies are normally declared by the board and advertised in one national daily newspaper. The applicants must meet set requirements which include compliance with Chapter six of Constitution of Kenya. A selection committee made up of members from the stakeholders analyses the applications and present list of qualified candidates during the AGM.

Two (2) board members are nominated by the County Government of Nyeri. Their nomination is presented to the board of directors for adoption.

**Mathira Water and sanitation Company Ltd**

**Annual Report and Financial Statements for the year ended June 30, 2025**

Annually, one third of the independent directors must retire. This is based on the age of individual member in the board. A director may also be removed from the board for gross misconduct, violation of signed code of conduct or the constitution.

**e) Induction and training**

Every new board member is undertaken through induction on company’s operations. Training on Company governance including the role of the board and management is organized for all board members once a year.

**f) Board and Members Performance**

The board and board committees have their terms of reference and annual targets based on which members conduct performance evaluation annually.

**g) Conflict of Interest**

It is a requirement that all board members make declaration of any conflict of interest in agenda of every board meeting. This is done in writing in a book provided for this purpose and the same recorded in the minutes for board meetings. Any member with a conflict of interest must excuse themselves in deliberations of that agenda.

**h) Remuneration for Board Members**

Board members are paid a consolidated allowance to cater for sitting and other expenses for every meeting attended. The directors are also paid subsistence allowances while on assignment or attending meetings and official functions outside the county.

**9 Management Discussion and Analysis**

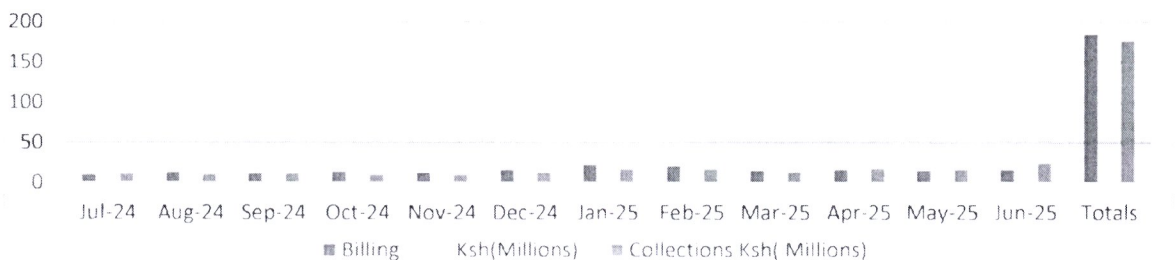
Mathira Water and Sanitation Co Ltd provides water and sanitation services to both rural and urban schemes of Mathira East and Mathira West Sub-Counties. The company collaborate with development partners and the local community to ensure that it fulfills its mandate. The Company operations are sustained by funds that are collected from payment by its customers for services offered and also from its partners through grants, subsidies and donations. In 2024/2025 Fy the Company managed to collect a total of Ksh. 167.2 million for services offered from the billing of Ksh.184 million, up from the Ksh. 147.2 million collected in the previous 2024/2025 Fy. The company also benefited from grant of Ksh. 12,579,232 million from the county government of Nyeri and other stake holders.

**Billing vs Collections During the 2024/2025 FY (Ksh in Million)**

Month	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Totals
Billing Ksh(Millions)	10.4	12.9	11.8	13.6	12.6	16.4	22.5	21.1	15.5	16.4	15.4	15.6	184.2
Collections Ksh( Millions)	12.4	11.0	12.1	10.8	10.4	13.3	16.2	16.3	13.6	17.0	16.7	17.4	167.2

**Graphical Representation**

Chart Title



**Mathira Water and sanitation Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**Cost Summary Comparison for 2024/2025 Fy and 2023/2024 FY**

Cost Item	Amount (Ksh)2024/2025FY	Amount (Ksh)2023/2024FY
Staff Costs	64,009,216	61,662,741
Board Expenses	6,153,674	6,427,582
General and operation Expenses	39,997,919	34,180,806
Maintenance Expenses	51,174,066	44,548,644
Depreciation and amortization	9,212,140	13,263,607
Finance cost	1,087,663	2,911,959
<b>TOTAL</b>	<b>171,634,678</b>	<b>162,995,339</b>

Chart presentation of expenditure for the 2024/2025 FY.

Chart Title



- Staff Costs
- Board Expenses
- General and operation Expenses
- Maintenance Expenses
- Depreciation and amortization
- Finance cost

**10. Environmental and Sustainability Reporting**

Mathira Water and Sanitation Co Ltd exist to ensure there is provision of quality, affordable, reliable, portable and sustainable water and sanitation services to all residents of Mathira and its environs. This is our purpose; the driving force behind everything we do. It’s what guide us to deliver our strategy. Below are our brief highlights of our achievement in delivering our pillars.

**i) Sustainability strategy and profile**

The Company is committed in ensuring provision of quality, affordable, reliable, portable and sustainable water and sanitation services in its area of jurisdiction. We are focused on creating sustainable value for both our customers and stakeholders by aligning our long-term Company’s strategies with their interests. As we continue to extend our services across the area of Jurisdiction, we seek to address the environmental, social and governance risks that effects our operations in a manner that is consistent with our values. Our approach to sustainability is to address the material risks and opportunities that may impact on our customers and the communities in which we operate in. This will be achieved through collaboration with the County Government of Nyeri, our regulator, local communities and other stakeholders.

**ii) Environmental performance**

The Company believes that, by their nature, our operations have a minimal impact on the environment. However, we acknowledge that there are inevitable environmental impacts associated with daily operations. We aim to minimize any harmful effects and consider the development and implementation of environmental standards to achieve this to be of great importance. It is anticipated that by adopting simple, environmentally friendly initiatives, the company will raise awareness amongst stakeholders and the wider community

**iii) Employee welfare**

Employee hiring is on competitive basis all jobs are advertised and employment is on merit. Gender ratio is put into consideration and 1/3 rule is always considered. Employee takes in stakeholder’s engagement i.e. the customers and improves the customer’s services. The company trains its employee on various interest and

## **Mathira Water and sanitation Company Ltd**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

needs this help to improve their working skills. Job placement is done on skilled possessed by employees. Appraisal of staff is done and this help to gauge their performance.

During the financial year 2024-2025 the company facilitated the staff to participate in wasco games held in Muranga County in various discipline and the players emerged No. 2 in dart and No. 3 table tennis disciplines respectively and won the below trophies.



The company also had staff team building to enhance staff productivity and cohesiveness.



#### **iv) Market place practices**

##### **a) Responsible competition practice**

The company ensure there is responsible competition practices with issues like anti-corruption by reporting all corruption practices, Establishment of anti-corruption suggestion boxes. The company does not involve itself with political activities however it recognizes the political holders of the day in power. The company allows supply of water to the residence of Mathira by the neighbouring WSP in areas that the company is not in a position to supply.

##### **b) Responsible supply chain and supplier relations**

The company engage its suppliers on competitive bids through annual tenders or quotations and ensures they are paid on time

##### **c) Responsible marketing and advertisement**

The company ensures there is healthy advertisement of its products and services both on print and electronic media without misleading its customer.

##### **d) Product stewardship**

The company ensures that customer receives services paid for, and are only billed for services received.

**Mathira Water and sanitation Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**v) Corporate Social Responsibility / Community Engagements**

Mathira water and sanitation company ltd practices Company social responsibility within its area of jurisdiction. The company in liaison with the office of the assistant chiefs has identified persons living with disabilities and other needy cases. Mathira Water and Sanitation Co Ltd has connected such identified persons with water.

The work involves: -

- a) Free cost of installation for metered service lines
- b) Free water consumption
- c) Free maintenance of such connections

The company also sponsors Mathira education fund which is a kitty meant to benefit less privileged students in the society.

The company has maintained an annual visitation to children home within its area of jurisdiction where it provides social amenities to them. In addition, the company provides free tree planting seedlings to local communities to enhance a forestation.

We strongly believe that integrity in dealings with customers is a prerequisite for a successful and sustained business relationship. We operate a highly effective and efficient organization, focused on meeting customer objectives. Our aim is to provide products and services which give fair value and consistent quality, reliability and safety in return for fair reward. We operate policies of continual improvement, of both processes and the skills of our staff, to take best advantage of advances in technology. This safeguards our operations for the future, ensuring that we continue to add value to our customers' businesses.

**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30 2025 which show the state of the company's affairs.

**i) Principal activities**

The principal activities of the Company are provision of water and sanitation services to the residence of Mathira East and west sub counties

**ii) Results**

The results of the company for the year ended June 30 2025 are set out on page 1-5.

**iii) Dividends**

The company has not declared dividends for the year ended June 30 2025

**iv) Directors**

The members of the Board of Directors who served during the year are shown on page (VI) In accordance with the company's Articles of Association.

**v) Auditors**

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30 2025

By Order of the Board



**FCPS Gikuhi Kiana**

Corporate Secretary/Secretary to the Board

## **Mathira Water and sanitation Company Ltd**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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#### **12. Statement of Directors' Responsibilities**

Section 164 of the Public Finance Management Act, 2012 and companies Act 2015 require the Directors to prepare financial statements in respect of Mathira Water and Sanitation Co Ltd, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of the Company for that year/period. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of *MAWASCO*; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Company; (v) selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Company financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012, water act 2016 and companies Act 2015) – Company.

The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30 2025, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the company financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

#### **Approval of the financial statements**

The company financial statements were approved by the Board on 24<sup>th</sup> July 2025 and signed on its behalf by:



**CPS Sammy Muturi**  
**Board Chairman**



**CPA David Gathogo**  
**Managing Director**

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON MATHIRA WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

## REPORT ON THE FINANCIAL STATEMENTS

### **Qualified Opinion**

I have audited the accompanying financial statements of Mathira Water and Sanitation Company Limited set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mathira Water and Sanitation Company Limited as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Long Outstanding Trade and Other Receivables**

The Statement of Financial Position reflects a net balance of Kshs.48,151,195 on Trade and Other Receivables and as disclosed in Note 22 to the financial statements. Trade receivables worth Kshs.44,738,579 have been outstanding for between one (1) to four (4) years rendering them potentially uncollectible. Further, the existing general provision appears significantly inadequate.

In the circumstances, the accuracy, completeness and recoverability of the stated net trade receivables balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mathira Water and Sanitation Company Limited's Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## Other Matter

### Unresolved Prior Year Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance respectively. Review of the status during audit of the Company in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	In accuracies in the financial statement
2	2023/2024	Long Outstanding trade receivables
3	2023/2024	High Non-revenue water threshold
4	2023/2024	Non-compliance with the National Cohesion and Integration Act on ethnicity
5	2023/2024	Non-compliance with the requirement of gender balance
6	2023/2024	Failure to Revalue Fully Depreciated Assets

## Other Information

Management is responsible for the Other Information set out on page iii to xxii which comprise of Key Entity Information, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1.0 Non-Revenue Water**

The financial statements at Note 6 reflect Kshs.184,224,700 in respect of operating revenue. Included in this amount is water sales of Kshs. 126,134,818. During the financial year the Company produced 2,054,129m<sup>3</sup> of water out of which only 1,347,370m<sup>3</sup> was billed to customers, leaving a balance of 706,759m<sup>3</sup> which represent approximately 34.41% of the total volume of water produced as Non-Revenue Water (NRW). The Non-Revenue Water of 34.41% was over and above the allowable loss of 25% set by the Water Services Regulatory board guideline.

The high non-revenue water may have contributed negatively on the profitability of the Company, its ability to sustain the service and high reliance from the County for grant support.

In the circumstances, Management was in breach of the law.

#### **2.0 Non-Compliance with Ethnic Diversity**

The statement of profit or loss and other comprehensive income and as disclosed in Note 10 to the financial statements reflect Kshs.64,009,216 in respect of staff cost. Out of a

total workforce of seventy-eight (78) employees, seventy- four (74), constituting 95%, comprised of staff from the dominant ethnic community. This is contrary to Section 7 (2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

In the circumstances, Management was in breach of the law.

### **3.0 Non-Compliance Staff Gender Composition**

The statement of profit or loss and other comprehensive income and as disclosed in Note 10 to the financial statements reflect Kshs.64,009,216 in respect of staff cost. The Company's fifty-eight (58) out of a total of seventy- eight (78) employees representing 74% of the workforce were from the same gender. This is contrary to Article 27 (6) of the constitution which provides that, the State shall take legislative and other measures to implement the principle that not more than two-thirds of the members of elective or appointive bodies shall be of the same gender.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

As required by the Companies Act, 2015, I report, based on my audit, that except for the matter described in the Basis for Qualified Opinion, I confirm that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Adequate accounting records have been kept by the company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.

### **Responsibilities of the Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance

and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**5 November, 2025**

**Mathira Water and Sanitation Company Ltd.****Annual Report and Financial Statements for the year ended June 30, 2025****14. Statement of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2025.**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue</b>			
Operating Revenue	6	184,224,700	146,050,397
Grants Income	7	12,579,232	27,466,516
Other Income	8	940,958	288,502
Finance income	9	1,589,259	730,949
<b>Total Revenue</b>		<b>199,334,148</b>	<b>174,536,364</b>
<b>Expenses</b>			
Staff Costs	10	64,009,216	61,662,741
General and Operations expenses	11	39,997,919	34,180,806
Board Expenses	12	6,153,674	6,427,582
Maintenance Expenses	13	51,174,066	44,548,644
Depreciation and Amortization expenses	14	9,212,140	13,263,607
Finance Costs	15	1,087,663	2,911,959
<b>Total Expenses</b>		<b>171,634,678</b>	<b>162,995,338</b>
<b>Profit/(Loss) Before Taxation</b>		<b>27,699,470</b>	<b>11,541,024</b>
<b>Income tax Credits (Net)</b>	16	<b>(3,967,502)</b>	<b>(30,557,830)</b>
<b>Profit after Taxation</b>		<b>23,731,968</b>	<b>(19,016,806)</b>

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**15. Statement of Financial Position as at 30 June 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	19	25,933,310	31,352,297
Intangible assets	20	9,538,611	11,923,264
<b>Total non-current assets</b>		<b>35,471,921</b>	<b>43,275,561</b>
<b>Current assets</b>			
Inventories	21	16,898,805	16,136,305
Trade and receivable	22	48,151,195	47,999,812
Bank and cash balances	23	52,261,636	43,145,511
<b>Total current assets</b>		<b>117,311,637</b>	<b>107,281,628</b>
<b>Total Assets</b>		<b>152,783,558</b>	<b>150,557,189</b>
<b>Equity and liabilities</b>			
<b>Capital and Reserves</b>			
Ordinary share capital	24	100,000	100,000
Capital reserve	25	65,904,745	65,904,745
Retained earnings	26	<b>26,896,973</b>	3,165,005
<b>Capital and Reserves</b>		<b>92,901,718</b>	<b>69,169,750</b>
<b>Non-current liabilities</b>			
Borrowings	27	0	12,822,054
<b>Total non-current liabilities</b>			<b>12,822,054</b>
<b>Current liabilities</b>			
Trade and other payable	28	34,090,062	51,229,603
Refundable deposits and Prepayments	29	21,824,276	17,335,784
Tax Liability	30	3,967,502	
<b>Total current Liabilities</b>		<b>59,881,840</b>	<b>68,565,386</b>
<b>Total Equity and Liabilities</b>		<b>152,783,558</b>	<b>150,557,189</b>

The financial statements were approved by the Board on 24<sup>th</sup> July 2025 and signed on its behalf by:



**David Gathogo**  
**Managing Director**



**Martin Murebu**  
**Head of Finance**  
 ICPAK M/No:25425



**Sammy Muturi**  
**Chairman of the Board**

16. Statement of Changes in Equity for the Year Ended 30 June 2025

	Notes	Ordinary share capital	Capital reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
As at July 1, 2023		100,000	65,904,745	0	(8,376,019)	0	0	57,628,726
Profit for the year		-	-	-	11,541,024	-	-	11,541,024
As at June 30, 2024		100,000	65,904,745	0	3,165,005	0	0	69,169,750
As at July 1, 2024		100,000	65,904,745	0	3,165,005	0	0	69,169,750
Profit for the year		-	-	-	23,731,968	-	0	23,731,968
At June 30, 2025		100,000	65,904,745	0	26,896,973	0	0	92,901,718

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**17. Statement of Cash Flows for the Year Ended 30 June 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Operating Receipts		167,151,278	147,265,567
Grants Income		12,579,232	27,466,516
Finance Income		1,589,259	730,949
Other Income			288,502
Compensation (Pipe damages)		835,648	
Customer Deposits Received		2,262,491	1,249,282
<b>Total Receipts</b>		<b>184,417,908</b>	<b>177,000,816</b>
<b>Payments</b>			
Staff Costs		63,259,216	61,662,741
General And Operation Expenses		39,649,919	34,180,806
Board Expenses		6,153,674	6,427,582
Maintenance Expenses		50,772,066	44,548,644
Finance Costs		1,087,663	2,911,959
Refund Of Customer Deposits		254,000	210,000
<b>Total Payments</b>		<b>161,176,538</b>	<b>149,941,732</b>
<b>Net cash generated from /Used in operating activities</b>		<b>23,241,370</b>	<b>27,059,084</b>
<b>Cash Flows from Investing Activities</b>			
Disposal Of Property, Plant and Equipment (PPE)		105,310	(1,224,450)
Purchase Of Intangible Assets			(4,350,000)
Purchase Of Property, Plant and Equipment (PPE)		(1,408,500)	
<b>Net Cash From/ (Used In) Investing Activities</b>		<b>(1,303,190)</b>	<b>(5,574,450)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment Of Borrowings		(12,822,054)	(10,877,634)
<b>Net Cash From/ (Used In) Financing Activities</b>		<b>(12,822,054)</b>	<b>(10,877,634)</b>
<b>Increase/(Decrease) In Cash and Cash Equivalents</b>		<b>9,116,126</b>	<b>10,606,998</b>
<b>Cash And Cash Equivalents at the Beginning of the Year</b>		<b>43,145,511</b>	<b>32,538,513</b>
<b>Cash And Cash Equivalents at End of the Year</b>		<b>52,261,636</b>	<b>43,145,511</b>

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**18. Statement of Comparison of Budget & Actual Amounts for the Period Ended 30 June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	C=a+b	d	e= c-d	f=d/c %
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Operating Revenue	173,041,380	0	173,041,380	184,224,700	-11,183,320	106%
Grants	0	12,579,232.0 0	12,579,232	12,579,232	0	100%
Finance Income	1,300,000	289,259.00	1,589,259	1,589,259	0	100%
Compensation pipe damages		835,648.00	835,648	835,648	0	100%
Assets Disposal		65,803.00	65,803	105,310	-39,507	160%
<b>Total Revenue</b>	<b>174,341,380</b>	<b>13,769,942</b>	<b>188,111,322</b>	<b>199,334,149</b>	<b>-11,222,827</b>	<b>106%</b>
<b>Expenses</b>						
Staff Costs	66,240,000	-1,600,000	64,640,000	64,009,216	630,784	99%
Board Expenses	6,050,000	686,000	6,736,000	6,153,674	582,326	91%
General and operations Expenses	41,546,735	1,733,942	43,280,677	39,997,919	3,282,758	92%
Maintenance	39,400,000	14,550,000	53,950,000	51,174,066	2,775,934	95%
Finance costs	3,912,015	0	3,912,015	1,087,663	2,824,352	28%
<b>Total Recurrent Expenditure</b>	<b>157,148,750</b>	<b>15,369,942</b>	<b>172,518,692</b>	<b>162,422,538</b>	<b>10,096,154</b>	
Capital Expenditure	17,192,300	-1,600,000	15,592,300	14,230,554	1,361,746	91%
<b>Total Expenditure</b>	<b>174,341,050</b>	<b>13,769,942</b>	<b>188,110,992</b>	<b>176,653,092</b>	<b>11,457,900</b>	
<b>Surplus</b>	<b>330</b>	<b>0</b>	<b>330</b>	<b>22,681,057</b>	<b>-22,680,727</b>	

(1). The adjustments between original and final budget were as a result of budget reallocations during the year.

(2). Explanation to Notes due to budget underutilization

a) Legal fees

The company had budgeted ksh 600,000 as legal fees expenditure, which was to caution the company from any un eventuality. There was no any legal litigation within the year

b) Uniforms and protective cloths

The company had budgeted ksh 1,140,000 as the expected expenditure for uniforms and protective cloths. However, some sports attires were bought as part of uniforms hence the reduction in cost of uniforms and protective clothing.

c) Maintenance of pumps and generators

The company had budgeted for ksh 480,000 but incurred ksh 26,650, this was due to low maintenance cost during the year.

d) Water sewerage pump

The company had budgeted to procure a new pump at ksh 2.800,000 during the year but upon tendering none of the bidder met the minimum requirements, hence the process was halted

## **19. Notes to the Financial Statements**

### **1. General Information**

Mathira water and Sanitation Company Ltd is established by and derives its authority and accountability from company Act Cap 486. The Company is wholly owned by the County Government of Nyeri and is domiciled in Kenya. The Company's principal activity is to provide water and sanitation to the residence of Mathira and some part of Kirinyaga County. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements,

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company. The figures are rounded to the nearest Kenyan shilling.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Water Act 2016 and the Company's Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Application of New and Revised International Financial Reporting Standards (IFRS)**

- i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.***

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

*The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.*

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**ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.***

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

*(The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements).*

**iii. *Early adoption of standards***

(MAWASCO) did not early – adopt any new or amended standards in year under review.

**4. Summary of Accounting Policies**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

**a) Revenue recognition**

Revenue is measured based on the consideration to which MAWASCO expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. MAWASCO recognizes revenue when it transfers control of a product or service to a customer.

- i) Revenue from the sale of goods and services** is recognized in the year in which the Company delivers products/services to the customer, the customer has accepted the products/services and collect-ability of the related receivables is reasonably assured.
- ii) Grants from Government Entities** are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

- iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) **Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) **Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) **Other income** is recognized as it accrues.

**b) In-kind contributions**

In-kind contributions are donations that are made to the Company in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment, utilities or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Company includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded but disclosed.

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

**d) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

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<b>Item</b>	<b>Rates</b>
Freehold Land and Building	2.5%
Computer Software	20%
Office Equipment ,furniture and fittings	12.5%
Plant and machinery	33.33%
Motor vehicles, including motorcycles	25%
Computers and related equipment	30%

A full year's depreciation charge is recognized both in the year of asset purchase and none in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment and accounted for in line with the provisions in the standard.

**e) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**f) Amortization and impairment of intangible assets**

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized and the asset is written down to its estimated recoverable amount.

**g) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. . Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**h) Trade and other receivables**

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted.

**i) Taxation**

**i) Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the profit or loss statement. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**j) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the

extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**k) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**l) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Bank account balances include amounts held at various Commercial Banks at the end of the reporting period.

**m) Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

**n) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to *MAWASCO* or not, less any payments made to the suppliers.

**o) Retirement benefit obligations**

The Company operates a defined contribution scheme for all full-time employees. The scheme is administered by external; body lap trust pension fund and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently under NSSF act tire I and II respectively.

**p) Provision for staff leave pay**

Employees' entitlements to annual leave are recognized as they accrue. A provision is made for the estimated liability for annual leave at the reporting date.

**q) Budget information**

The original budget for FY 2024-2025 was approved by the Board of Directors on **22-05-2025**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by *MAWASCO* upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional appropriations of 13.7 m on the 2024-2025 budget following the governing body's approval. The Company's budget is prepared

on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented of these financial statements.

**r) Service concession arrangements**

The Company analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Company recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Company also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**s) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**t) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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**a) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**b) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value for disposal:

- The condition of the asset based on the assessment of experts employed by the Company.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the assets.

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included such as provision for bad debts at 10%

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**6. Operating Revenue**

	2024-2025	2023-2024
	Kshs	Kshs
Water sales	126,134,818	97,833,372
Sewerage Services	38,439,597	28,518,009
Billing for other services*	19,650,285	19,699,016
<b>Total</b>	<b>184,224,700</b>	<b>146,050,397</b>

*Billing for other services refers to income generated from services such as re-connection fees, meter fittings, meter rent, surcharges etc.*

**7. Grants Income**

	2024-2025	2023-2024
	Kshs	Kshs
Operational grants from Government entities		
Recurrent/operational grants from other agencies(WSTF)	7,529,232	7,529,232
Donations from County Governments	5,000,000	19,882,284
In Kind contribution/donations from other agencies	50,000	55,000
<b>Total</b>	<b>12,579,232</b>	<b>27,466,516</b>

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*Detailed analysis of grants received from the Government in the table below:*

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognized in capital fund. KShs	Total grant income during the year KShs	2024-2025 KShs
County Government of Nyeri	5,000,000	0	0	0	5,000,000
Water Service Trust Fund (WSTF)	7,529,232	0	0	0	7,529,232
<b>Total</b>	<b>12,529,232</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,529,232</b>

**8. Other Income**

	2024-2025	2023-2024
	Kshs	Kshs
Gain on disposal	105,310	0
Decrease provision bad debts		288,502
Compensation (Pipe damages)	835,648	
<b>Total</b>	<b>940,958</b>	<b>288,502</b>

**9. Finance Income**

	2024-2025	2023-2024
Description	Kshs	Kshs
Interest from commercial banks and financial institutions	1,589,259	730,949
<b>Total</b>	<b>1,589,259</b>	<b>730,949</b>

**10. Staff Costs**

	2024-2025	2023-2024
Description	Kshs	Kshs
Gross Salary and Allowances	53,919,626	52,748,222
Casual workers' Wages	77,950	55,200
Levies	856,498	693,654
Employer's contributions to social security schemes	2,189,033	1,334,663
Employer's contributions to pension scheme	3,081,962	3,339,834
Provisions for Leave pay	1,112,211	1,061,324
Gratuity provisions	2,510,832	2,429,844

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Description	2024-2025	2023-2024
	Kshs	Kshs
Other allowances	261,104	0
<b>Total</b>	<b>64,009,216</b>	<b>61,662,741</b>
<b>The average number of employees during the year</b>	<b>78</b>	<b>76</b>

**11. General and Operations Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Travelling and subsistence	1,484,020	1,320,900
Printing and stationery	541,616	397,712
Advertisement and Public Relations	721,242	624,009
Corporate Social Responsibility	132,302	152,800
AGM Expenses	223,700	320,700
Newspaper and periodicals	30,721	27,547
Entertainment	0	566,174
Staff welfare expenses	2,376,797	815,893
Function and celebration	1,468,720	1,096,905
Insurance	5,171,547	4,717,523
Training	1,434,460	1,237,900
consultancy	1,071,840	446,806
Legal services	0	0
Electricity	2,260,600	2,664,566
Cleaning Materials	328,213	156,651
Seminars and conference	1,166,800	944,260
uniforms	624,202	690,632
Security services	6,228,943	5,224,872
Telephone	1,943,161	1,549,638
Postage	7,355	26,755
General office Expenses	356,089	221,158
Sports	1,023,455	1,155,571
Audit fee	464,000	464,000
Bank Charges	484,447	430,738
Wasreb Levy	7,368,609	5,842,016
WRA Levy	3,085,080	3,085,080
<b>Total</b>	<b>39,997,919</b>	<b>34,180,806</b>

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**12. Board Expenses**

Description	2024-2025	2023-2024
	KShs	KShs
Sitting allowances	6,153,674	6,427,582
<b>Total Board Expenses</b>	<b>6,153,674</b>	<b>6,427,582</b>

**13. Maintenance Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Motor vehicle and bikes running cost fuel and oil	3,187,787	3,305,757
Motor vehicles and bikes running cost repair	1,181,609	618,857
Renewal water permits licenses and subscriptions	574,174	505,047
Maintenance of pumps	26,650	420,890
Maintenance water supply systems	8,310,986	7,050,028
Maintenance sewerage systems	2,665,627	2,165,971
Repair and maintenance equipment's and building	813,039	1,486,199
Repair and maintenance computer	237,440	141,070
Software maintenance	2,795,170	2,964,520
Engineering designs and Maps	140,300	
Service line rehabilitation	7,705,958	20,040,002
Pipes and fittings	11,862,283	1,802,145
Chemicals	2,272,572	1,669,969
Water Meters	5,952,062	2,086,686
Ground maintenance	61,650	236,512
Loose tools and Equipment	32,520	11,929
Tanks rehabilitation and intakes	296,892	43,062
Other levies and fees /lab analytical fees	231,000	0
Environmental audit assessment	0	0
Increase Provision Bad Debt	2,826,347	0
<b>Total Maintenance Expenses</b>	<b>51,174,066</b>	<b>44,548,644</b>

**14. Depreciation and Amortization**

Description	Current	Comparative
	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	6,827,487	10,282,791
Intangible assets	2,384,653	2,980,816
<b>Total Depreciation and Amortization</b>	<b>9,212,140</b>	<b>13,263,607</b>

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**15. Finance costs**

	2024-2025	2023-2024
Description	Kshs	Kshs
Interest expense on loans	1,087,663	2,911,959
<b>Total</b>	<b>1,087,663</b>	<b>2,911,959</b>

**16. Income Tax Expense/(Credit)**

**Current taxation Computation**

	2024-2025	2023-2024
	Kshs	Kshs
Profit before tax	27,699,470	11,541,024
Add back		
Depreciation and amortization	9,212,140	13,263,607
Provision Bad debt	2,826,347	0
	<b>12,038,487</b>	<b>13,263,607</b>
Totals	<b>39,737,957</b>	<b>24,804,631</b>
<b>Deductions</b>		
Capital Allowances	(13,983,720)	(16,121,419)
Grant Income (county Government)	(5,000,000)	(19,882,284)
Grant (Wstf)	(7,529,232)	(7,529,232)
Increase Provision Bad Debt	0	(288,502)
<b>Total Deductions</b>	<b>(26,512,951)</b>	<b>(43,821,437)</b>
<b>Net Change</b>	<b>(14,474,464)</b>	<b>30,557,830</b>
Adjusted profit /loss before tax	13,225,006	(19,016,806)
Tax Payable	(3,967,502)	
Profit after Tax	<b>23,731,968</b>	
Tax Losses Bf	(19,016,806)	
Tax Losses c/f	(9,759,302)	

**Capital Allowance Computation**

Description	Motor Vehicles And Motor Bikes	Furniture & Fittings, \computers	Total
	Kshs	Kshs	Kshs
Rate	25.00%	10.00%	
Written down Values 01/07/2024	15,083.150	99,843.323	114,926.473

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Additions	585,000	823,500	1,408,500
WDV As at 30/06/2025	15,668,150	100,666,823	116,334,973
			0
Charge for the Period	3,917,038	10,066,682	13,983,720
As at 30/06/2025	11,751,113	90,600,141	102,351,253

**17. Earnings Per Share**

The earnings per share is calculated by dividing the profit after tax of Kshs. 0 (0/0: KShs. 0) by the average number of ordinary shares in issue during the year of 0 (0/0: 0). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

**18. Dividend Per Share**

There was no dividend issued during the year

**19. Property, Plant and Equipment**

2023-2024	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Total
<b>Cost Or Valuation</b>						
At July 1, 2023	11,103,359	119,877,997	17,971,521	8,082,967	2,658,197	159,694,041
Additions	0	0	570,000	654,450	0	1,224,450
<b>At June 30, 2024</b>	<b>11,103,359</b>	<b>119,877,997</b>	<b>18,541,521</b>	<b>8,737,417</b>	<b>2,658,197</b>	<b>160,918,491</b>
<b>Depreciation</b>						
At July 1, 2023	2,358,718	97,147,118	11,131,341	7,031,283	1,614,944	119,283,404
Charge For the Year	218,616	7,569,383	1,852,545	511,840	130,407	10,282,791
<b>At June 30, 2024</b>	<b>2,577,334</b>	<b>104,716,500</b>	<b>12,983,886</b>	<b>7,543,123</b>	<b>1,745,351</b>	<b>129,566,195</b>
<b>Net Book Value at June 30, 2024</b>	<b>8,526,025</b>	<b>15,161,497</b>	<b>5,557,635</b>	<b>1,194,294</b>	<b>912,846</b>	<b>31,352,297</b>

2024/2025	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Total
<b>Cost or valuation</b>						
As at 1 July 2024	11,103,359	119,877,997	18,541,521	8,737,417	2,658,197	160,918,491
Additions			585,000	637,500	186,000	1,408,500
Disposals			(870,000)	(756,660)	-	(1,626,660)
<b>As at 30<sup>th</sup> June 2025</b>	<b>11,103,359</b>	<b>119,877,997</b>	<b>18,256,521</b>	<b>8,618,257</b>	<b>2,844,197</b>	<b>160,700,331</b>

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2024/2025	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Total
<b>Depreciation</b>						
At July 1, 2024	2,577,334	104,716,500	12,983,886	7,543,123	1,745,351	129,566,195
Charge for the year	213,151	5,053,782	1,100,659	322,540	137,356	6,827,487
Disposals	(0)		(870,000)	(756,660)	(0)	(1,626,660)
<b>As at 30<sup>th</sup> June 2025</b>	<b>2,790,484</b>	<b>109,770,282</b>	<b>13,214,545</b>	<b>7,109,003</b>	<b>1,882,707</b>	<b>134,767,021</b>
<b>Net book value</b>						
<b>As at 30<sup>th</sup> June 2025</b>	<b>8,312,875</b>	<b>10,107,715</b>	<b>5,041,976</b>	<b>1,509,254</b>	<b>961,490</b>	<b>25,933,310</b>

**Valuation**

No Valuation on Land and buildings was done during the Fy 2024-2025

**20. Intangible Assets**

	2024-2025	2023-2024
	Kshs	Kshs
<b>Cost</b>		
At July 1 2024	23,056,843	18,706,843
Additions		4,350,000
Disposals	(0)	(0)
<b>At June 30 2025</b>	<b>23,056,843</b>	<b>23,056,843</b>
<b>Amortization</b>		
At July 1 2024	11,133,579	8,152,763
Charge for the year@20%	2,384,653	2,980,816
Disposals	(0)	(0)
Impairment loss	(0)	(0)
<b>At June 30 2025</b>	<b>13,518,232</b>	<b>11,133,579</b>
<b>Net book value</b>		
<b>At June 30,2025</b>	<b>9,538,611</b>	<b>11,923,264</b>

**Intangible assets relate to billing system, ERP System, and GIS System**

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**21. Inventories**

	2024-2025	2023-2024
	Kshs	Kshs
Chemicals & Laboratory items	1,146,059	809,223
Water meters	2,016,977	1,424,761
Water Pipes and Fittings	12,669,727	12,966,690
Stationery and general stores(Consumables)	925,839	935,631
Water Inventory	140,203	
<b>Total</b>	<b>16,898,805</b>	<b>16,136,305</b>

Note: Water inventory = Total O&M cost/Annual water Produced\* Water produced per day  
i.e (Ksh.51,174,066/2,054,129 M<sup>3</sup>)\*(2,054,129M<sup>3</sup>/365 days)

**22. (a) Trade and Other Receivables**

	2024-2025	2023-2024
	Kshs	Kshs
Gross trade receivables	53,460,309	50,393,670
Provision for doubtful receivables	(5,346,031)	(2,519,684)
Net trade receivables	<b>48,114,278</b>	<b>47,873,986</b>
Staff receivables Note 22 c	36,917	125,826
	<b>48,151,195</b>	<b>47,999,812</b>
<b>As at June 30, 2025 the ageing analysis of the gross trade receivables was as follows:</b>		
Less than 60 days	4,329,117	4,017,274
Between 60- 90 days	1,920,133	1,781,818
Between 90- 120 days	2,472,480	2,294,378
>120 days	44,738,579	42,300,199
<b>Total</b>	<b>53,460,309</b>	<b>50,393,670</b>

**22. (b) Reconciliation of Impairment Allowance for Trade Receivables**

Description	2024-2025	2023-2024
	KShs	KShs
At the beginning of the year	2,519,683	2,808,185
Additional provisions during the year	2,826,347	0
Recovered during the year		(288,502)
Written off during the year	0	(0)
At the end of the year	5,346,031	<b>2,519,683</b>

**Mathira Water and Sanitation Company Ltd.****Annual Report and Financial Statements for the year ended June 30, 2025****22. (c) Staff Receivables**

	2024-2025	2023-2024
	Kshs	Kshs
Gross staff loans and advances	316,450	400,000
Provision for impairment loss	(0)	(0)
Net staff loans	<b>0</b>	<b>0</b>
Less: Amounts due within one year	(35,917)	(125,826)
Amounts due after one year	0	0

**23 Bank and Cash Balances**

	2024-2025	2023-2024
	Kshs	Kshs
Cash at bank	34,372,233	30,623,507
Cash in hand	74,850	53,513
Mobile money account	17,814,553	12,466,491
	<b>52,261,636</b>	<b>43,145,511</b>

**Detailed analysis of the cash and cash equivalents**

Financial institution	Account number	2024-2025	2023-2024
		KShs	KShs
<b>a) Current account</b>			
Cooperative Bank	01136059779200	7,580	76,596
Family Bank	056000020173	169,012	158,473
<b>Sub- total</b>		<b>176,592</b>	<b>235,069</b>
<b>b) Savings Account</b>			
<b>Family Bank</b>			
Savings account	056000020157	2,943,443	1,055,157
Customer Deposit Account	056000020158	1,965,174	1,271,774
Escrow Account	056000020172	1,332	1,248,272
Project Account	056000021270	95	632,318
Revenue Account	056000021192	41,430	189,711
WSTF Grant Account	056000023996	0	0
WSTF Grant Account	056000033044	2,614,217	7,528,030
WSTF Grant Account	056000033045	3,500,000	500,000
<b>Sub- total</b>		<b>11,065,691</b>	<b>12,425,262</b>
<b>c) Cooperative Bank</b>			
Savings Account	01100059779200	7,759,691	5,133,464
Customer Deposit Account	01100059779201	35,845	35,845
Savings Account	01136059779201	1,311,840	245,867

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Financial institution	Account number	2024-2025	2023-2024
		KShs	KShs
Savings Account	012460597792	50,000	50,000
<b>Sub- total</b>		<b>9,157,376</b>	<b>5,465,176</b>
<b>d) Others(specify)</b>			
Cash in (hand (Customer Deposit)		22,000	25,500
Cash in hand (Operation Imprest)		52,850	13,713
Cash in hand (Standing Imprest)		0	14,300
M-pesa Utility Account		10,057,685	6,562,307
M-pesa Working Account		7,756,868	5,904,184
Short term Deposit and bank Guarantee		13,600,000	12,500,000
Equity Bank	0040261339893	372,575	0
<b>Sub- total</b>		<b>31,861,978</b>	<b>25,020,004</b>
<b>Grand total</b>		<b>52,261,636</b>	<b>43,145,511</b>

**24. Ordinary Share Capital**

	2024-2025	2023-2024
	Kshs	Kshs
<b>Authorized:</b>		
5,000 ordinary shares of 20 Kshs. par value each	<b>100,000</b>	<b>100,000</b>
<b>Issued and fully paid:</b>		
5,000 ordinary shares of 20 Kshs. par value each	<b>100,000</b>	<b>100,000</b>

**25. Capital Reserve**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

**26. Retained Earnings**

The retained earnings represent amounts available for distribution to the company shareholders. Undistributed retained earnings are utilized to finance the company business activities.

**27. Borrowings**

Description	2024-2025	2023-2024
	KShs	KShs
<b>a) Domestic Borrowings</b>		
Balance at beginning of the year	12,822,054	23,699,688
Domestic borrowings during the year	0	0
Repayments during the year	(12,822,054)	(10,877,634)
<b>Balance at end of the year</b>		<b>12,822,054</b>
<b>b) Total Balance at end of the period</b>	<b>0</b>	<b>12,822,054</b>

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The analyses of external borrowings are as follows:

	2024-2025	2023-2024
	KShs	KShs
<b>Domestic Borrowings</b>		
Kenya Shilling loan from (Family Bank)	0	12,822,054
Total balance at end of the year	0	12,822,054

**28. Trade and Other Payables**

	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	34,090,062	51,229,603
<b>Total</b>	<b>34,090,062</b>	<b>51,229,603</b>

**Aging Analysis for Trade and other Payables**

	2024-2025	% of the total	2023-2024	% of the total
30 Days	969,915	3%	3,415,653	7%
30-60 Days	3,335,247	10%	2,344,130	5%
60-90 Days	1,673,989	5%	789,031	2%
90-120 Days	260,615	1%	4,478,797	9%
>120 Days	27,850,296	81%	40,201,991	78%
<b>Total</b>	<b>34,090,062</b>		<b>51,229,603</b>	

**29. Refundable Deposits and Prepayments**

	2024-2025	2023-2024
	Kshs	Kshs
Opening Customer deposits 1, July 2024	17,335,784	14,355,115
Deposits Received	2,262,491	1,249,282
Prepayments	2,480,001	1,941,387
Deposits Refunded	(254,000)	(210,000)
<b>Total</b>	<b>21,824,276</b>	<b>17,335,784</b>

**Aging Analysis for Refundable Deposits and Prepayments**

	2024-2025	% of the total	2023-2024	% of the total
Under one year	872,971	4%	1,249,282	5%
1-2 years	1,964,185	9%	2,898,900	11%
2-3 years	6,110,797	28%	4,866,853	31%
Over 3 years	12,876,323	59%	8,320,749	53%
<b>Total</b>	<b>21,824,276</b>		<b>17,335,784</b>	

**Mathira Water and Sanitation Company Ltd.**  
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**30. Tax Liability**

	2024-2025	2023-2024
	Kshs	Kshs
<b>Bal b/f</b>		
Income tax charge for the year (note 16)	3,967,502	(19,016,806)
Under/(over) provision in prior year/s (note 16)	0	0
Income tax paid during the year	(0)	(0)
Tax losses at end of the year	<b>3,967,502</b>	<b>(19,016,806)</b>

**31. Notes to The Statement of Cash Flows**

	2024-2025	2023-2024
	Kshs	Kshs
<b>(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations</b>		
Surplus	23,731,968	11,541,024
Depreciation	6,827,487	10,282,791
Amortization	2,384,653	2,980,816
Operating profit/(loss) before working capital changes	<b>32,944,108</b>	<b>24,804,632</b>
Working capital changes:		
(Increase)/decrease in inventories	-762,500	-1,988,846
(Increase)/decrease in trade and other receivables	-151,382	5,393,857
Increase/(decrease) in trade and other payables	-17,139,541	-4,143,382
Increase/(decrease) tax	3,967,502	12,154
Increase/(decrease) Deposits and prepayments	4,488,492	2,980,669
<b>Net Change in working Capital</b>	<b>-9,597,429</b>	<b>2,254,452</b>
<b>Cash generated from/ (used in) operation</b>	<b>23,346,679</b>	<b>27,059,083</b>
<b>Cash generated from/ (used in) operation</b>		
<b>(b) Cash generated from Investing Activities</b>	<b>-1,408,500</b>	<b>-5,574,450</b>
<b>(c) Cash generated from Financing Activities</b>		
Repayments during the year	-12,822,054	-10,877,634
Net decrease/Increase in cash and cash equivalents	<b>9,116,125</b>	<b>10,606,999</b>
Cash and cash equivalent at the beginning of the year	<b>43,145,511</b>	<b>32,558,513</b>

**Mathira Water and Sanitation Company Ltd.**  
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<b>(d) Analysis of cash and cash equivalents</b>		
Cash at bank	52,186,786	43,091,998
Cash in hand	74,850	53,513
Balance at end of the year	52,261,636	43,145,511

**Other Disclosures**

**32. Related Party Disclosures**  
**County Government of Nyeri**

The County Government of Nyeri is the principal shareholder of the Company, holding 100% of the Company's equity interest. The County of Government of Nyeri has provided full guarantees to all long-term lenders of the Company, both domestic and external.

Other related parties include:

- The County Department in charge of Water
- County Government of Nyeri
- Water works Agencies
- WASREB (Water Services Regulatory Board)
- WRA
- Water Sector Trust Fund
- Key management
- Board of directors

**Transactions with related parties**

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>a) Sales to related parties</b>		
Interest income from Govt Commercial Banks	1,589,259	730,949
<b>Total</b>	<b>1,589,259</b>	<b>730,949</b>
<b>b) Purchases from related parties</b>		
<b>Total</b>	<b>0</b>	<b>0</b>
<b>b) Grants from the Government</b>		
Grants from National Govt Agencies(WSTF)	7,529,232	7,529,232
Grants from County Government	5,000,000	19,882,284
Donations in kind	50,0000	55,000
<b>Total</b>	<b>12,579,232</b>	<b>27,466,516</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	0	0
Payments for goods and services for	0	0

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	2024-2025	2023-2024
	Kshs	Kshs
<b>Total</b>	<b>0</b>	<b>0</b>
<b>d) Key management compensation</b>		
Directors' emoluments	6,153,674	6,427,582
Compensation to key management	14,347,482	13,710,679
<b>Total</b>	<b>20,501,156</b>	<b>20,108,261</b>

**33. Financial Risk Management**

The Company's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The company's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing *MAWASCO*'s maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
<b>At 30 June 2025</b>				
Trade Receivables	48,151,195	39,429,466	4,392,612	4,329,117
Other Receivables	36,917	36,917	0	0
Investments	0	0	0	0
Bank balances	52,261,636	52,261,636	0	0
<b>Total</b>	<b>100,449,748</b>	<b>91,728,019</b>	<b>4,392,612</b>	<b>4,329,117</b>
<b>At 30 June 2024</b>				
Receivables	50,393,670	44,346,430	3,527,557	2,519,683

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Other Receivables	125,826	125,826	0	0
Investments	0	0	0	0
	0	0	0	0
Bank balances	43,145,511	43,145,511	0	0
<b>Total</b>	<b>93,665,007</b>	<b>87,617,767</b>	<b>3,527,557</b>	<b>2,519,683</b>

***Credit Risk (Continued)***

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Company's directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024-2025</b>				
Trade payables	969,915	5,009,235	28,110,912	34,090,062
Current portion of borrowings	0	0		0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>969,915</b>	<b>5,009,235</b>	<b>28,110,912</b>	<b>34,090,062</b>
<b>At 30 June 2023-2024</b>				
Trade payables	3,415,653	3,133,160	44,680,790	51,229,603
Current portion of borrowings	0	0	12,822,054	12,822,054

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Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>3,415,653</b>	<b>3,133,160</b>	<b>57,502,844</b>	<b>64,051,657</b>

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect *MAWASCO*'s income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Audit Department in charge of risk management is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The Company has No transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency

**b) Interest rate risk**

Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises from interest rate movements on the company's deposits.

**i) Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**ii) Sensitivity analysis**

The Company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The

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sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income

**iv) Capital Risk Management**

The objective of the Company's capital risk management is to safeguard the Board's ability to continue as a going concern. The Company's capital structure comprises of the following funds:

	2024-2025	2023-2024
	Kshs	Kshs
Capital reserve	65,904,745	65,904,745
Retained earnings	26,896,973	3,165,005
Capital reserve	100,000	100,000
<b>Total funds</b>	<b>92,901,718</b>	<b>69,169,750</b>
Total borrowings		12,822,054
Less: cash and bank balances	(52,261,636)	(43,145,511)
Net debt/ (excess cash and cash equivalents)	0	(30,323,457)
<b>Gearing</b>	<b>0%</b>	<b>-2.280%</b>

**34. Incorporation**

The Company is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

**35. Events After the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

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**20. Appendices**

**Appendix 1: progress on follow up of auditor recommendations.**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	In accuracies in the financial statement	The error was due to additional computation that passed through unnoticed. However, the error had affected the budget statement and was resolved	Resolved	
2	Long Outstanding trade and other receivables	Most of the accumulated water debts relates to public institution such as the county government of Nyeri and public school, However the company has established debt collection units that's deal with the customers with accumulated arrears in an effort to recover accumulated debts.	Not Resolved	31/12/2027
3	High Non-revenue water threshold	The high level of water loss is a great concern to the company. As a result, the company has established a non-revenue water department that is headed by a technical officer. The team is responsible for increased metering, rehabilitation of dilapidated old water pipes and curbing irrigation in rural areas. We have established districts metering areas (DMA'S) care taker approach which is a continuous engagement in our areas of supply	Not Resolved	2030

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	Billing with expired water tariffs	The tariff has been renewed	Resolved	
5	Non-compliance with the National Cohesion and Integration Act on ethnicity	The company carries out a competitive recruitment process, and every Kenyan is encouraged to apply. However, there has been a low application turnout from people from other regions, making it difficult to comply with the act. The company will continue to encourage applicants from other regions should a vacancy arise.	Not Resolved	2030
6	Non-compliance with the requirement of gender balance	The company carries out a competitive recruitment process, and every gender is encouraged to apply. However, there has been a low number of applicants in terms of female applicants. The company continues to encourage female to apply for jobs whenever a vacancy arises.	Not Resolved	2030



**CPA David Gathogo**  
**Managing Director**

**Date: 24<sup>th</sup> July 2025**

